

SENATE BILL REPORT

SB 5332

As of February 5, 2009

Title: An act relating to the administration of the Washington state patrol retirement system.

Brief Description: Administering the Washington state patrol retirement system.

Sponsors: Senators Haugen, Swecker and Delvin.

Brief History:

Committee Activity: Transportation: 2/05/09.

SENATE COMMITTEE ON TRANSPORTATION

Staff: Dory Nicpon (786-7321)

Background: In 2003 the Select Committee on Pension Policy (Select Committee) replaced the Joint Committee on Pension Policy as the entity responsible for studying pension issues and the financial condition of the state pension system; developing pension policies; and making recommendations to the Legislature regarding changes to the state pension system.

Created in 1998 the Pension Funding Council (PFC) receives recommendations from the Office of the State Actuary (OSA) regarding the appropriate member and employer contribution rates for the Public Employees', Teachers', School Employees', and Washington State Patrol Retirement Systems, and periodically adopts pension contribution rates and changes to certain long-term assumptions that affect pension funding. The contribution rates adopted by the PFC are subject to revision by the Legislature.

In 2003 Initiative Measure Number 790 (I-790) created a board of trustees to establish contribution rates and pension policy for members for the Law Enforcement Officers' and Fire Fighters' Retirement System Plan 2 (LEOFF2).

Pursuant to instructions in the 2008 Supplementation Transportation Budget, the Office of Financial Management (OFM) reported to the Legislature its study of the relative cost and effectiveness of various methods by which the pension concerns of members of the Washington State Patrol Retirement System (WSPRS) may be considered and submitted to the Legislature.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

Summary of Bill: An eleven member WSPRS Board (Board) is created. Members of the Board include:

- the Chief of Washington State Patrol (Chief);
- the director of the Department of Retirement Systems (DRS) or the director's designee;
- the director of OFM or the director's designee;
- two active members of the WSPRS appointed by the Chief from a list submitted by an organization representing members of the WSPRS;
- one active member of the WSPRS appointed by the Chief from a list submitted by an organization representing commissioned officers above the rank of sergeant;
- one retired member of the WSPRS appointed by the Chief;
- one non-voting member appointed by the President of the Senate from each of the two largest caucuses of the Senate; and
- one non-voting member appointed by the Speaker of the House of Representatives from each of the two largest caucuses of the House of Representatives.

The Board has authority to:

- develop pension policies, and make recommendations to the Governor for legislation to be submitted to the Legislature;
- hire an executive director, contract with other state agencies for office space or research, legal, or administrative support;
- contract for actuarial services from OSA or independent actuaries;
- establish rules and operating policies;
- consult with DRS to improve benefit administration and member services;
- conduct public meetings; and
- communicate with WSPRS members.

A WSPRS expense account is created. DRS must ascertain the amount appropriated by the Legislature for the administration of the Board, and must compute the amount appropriated as a percentage of WSPRS member pay. One half of the amount for the administration of the Board is paid by the members of the WSPRS, and one half is paid by WSP.

The expenses of the Board, including reimbursement of Board members for travel, education, and in the case of active members of the WSPRS financial loss because of absence from regular employment, are paid from the WSPRS expense account.

OSA is authorized to provide actuarial assistance to the Board. The Board must reimburse OSA for its services.

Appropriation: None.

Fiscal Note: Available.

[OFM requested ten-year cost projection pursuant to I-960.]

Committee/Commission/Task Force Created: Yes.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Staff Summary of Public Testimony: PRO: This bill will ensure that the concerns of members of the WSPRS can be better communicated to the Legislature. There are many inconsistencies among the statutes and administrative code provisions regarding WSPRS. The Board created under this bill could review for the purpose of proposing legislation to reconcile those inconsistencies. The Select Committee cannot adequately consider the concerns of WSPRS members. The deliberations of the Select Committee are focused on the pension concerns of much larger plans.

Persons Testifying: PRO: Rick Jensen, Tom Pillow, Washington State Patrol Troopers Association; Dave Scherf, Steve Sutton, Washington State Patrol Lieutenants Association.